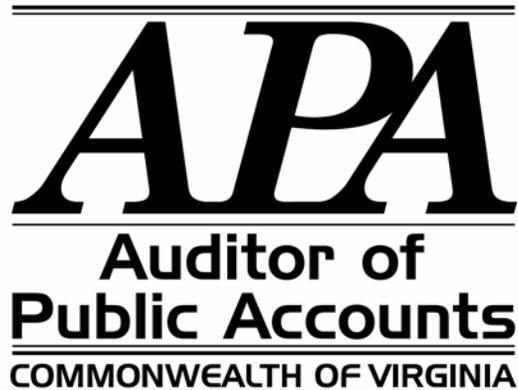


**VIRGINIA WAR MEMORIAL FOUNDATION**

**REPORT ON AUDIT  
FOR THE YEAR ENDED  
JUNE 30, 2006**



## **AUDIT SUMMARY**

Our audit of the Virginia War Memorial Foundation for the year ended June 30, 2006, found:

- proper recording and reporting of all transactions, in all material respects, in the Foundation's accounting record and Commonwealth Accounting and Reporting System;
- no matters involving internal control and its operations necessary to bring to management's attention; and
- no instances of noncompliance with applicable laws and regulations or other matters that are required to be reported.

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AGENCY HIGHLIGHTS

The Virginia War Memorial Foundation’s (the Foundation) Board of Trustees (the Trustees) determines how to honor Virginians for faithful service in time of war and oversees all Foundation activities. The Trustees verify that the War Memorial (Memorial) includes the names of all Virginians killed-in-action from World War II, the Korean War, the Vietnam War, and the Persian Gulf War, and Virginians missing-in-action from the Vietnam War.

The Trustees have focused on the renovation and expansion of the Memorial to include educational facilities, as well as the development of the educational programs. To further support its mission and provide a greater incentive for donations, the Trustees established the Virginia War Memorial Educational Foundation, Incorporated (Corporation), to act as an administrative fund-raising arm of the Foundation as a tax-exempt organization under Section 501 (c)(3) of the Internal Revenue Code. The Corporation is a publicly supported organization, and grantors and contributors may rely on its publicly supported status to make tax-exempt donations. Therefore, all fund-raising efforts flow through the Corporation to ensure the tax-exempt status of donations received.

The Foundation has three employees responsible for supporting the Trustees and their mission. These responsibilities include:

- Management and the daily operations of the Memorial
- Coordination of board meetings and communications
- Development and implementation of educational programs
- Coordination of fund-raising activities
- Maintenance of the Foundation’s internal accounting records
- Collection and preservation of books, manuscripts, war artifacts, and memorabilia

The Department of General Services provides other administrative support including cash receipt, payroll accounting, procurement, contract management, and building and maintenance activities.

The following schedule reflects the Foundation’s financial activity for fiscal year 2006 and 2005.

Virginia War Memorial Foundation

|                             | <u>2006</u>       | <u>2005</u>        |
|-----------------------------|-------------------|--------------------|
| Funding sources:            |                   |                    |
| General Fund appropriations | \$ 215,181        | \$ 182,751         |
| Interest                    | <u>4,778</u>      | <u>3,683</u>       |
| Total funding               | <u>\$ 219,959</u> | <u>\$ 186,434</u>  |
| Expenses:                   |                   |                    |
| Personnel                   | \$ 148,812        | \$ 149,687         |
| Contractual services        | 16,154            | 37,539             |
| Supplies and materials      | 3,248             | 8,387              |
| Continuous charges          | 32,490            | 31,443             |
| Equipment                   | 13,440            | 10,425             |
| Plant and improvement       | <u>2,671</u>      | <u>108,496</u> (A) |
| Total expenses              | <u>\$ 216,815</u> | <u>\$345,977</u>   |

Note A: The Foundation received an appropriation in previous years to pay for the plant improvements. The Fiscal 2005 revenues do not reflect this appropriation.



# Commonwealth of Virginia

**Walter J. Kucharski, Auditor**

**Auditor of Public Accounts  
P.O. Box 1295  
Richmond, Virginia 23218**

July 2, 2007

The Honorable Timothy M. Kaine  
Governor of Virginia  
State Capital  
Richmond, Virginia

The Honorable Thomas K. Norment, Jr.  
Chairman, Joint Legislative Audit  
and Review Commission  
General Assembly Building  
Richmond, Virginia

We have audited the financial records and operations of the **Virginia War Memorial Foundation** for the year ended June 30 2006. We conducted our audit in accordance with Government Auditing Standards, issued by the Comptroller General of the United States.

## AUDIT OBJECTIVES

Our audit's primary objectives were to evaluate the accuracy of recorded financial transactions on the Commonwealth Accounting and Reporting System and in the Foundation's accounting records, review the adequacy of the Foundation's internal controls, and test compliance with applicable laws and regulations.

## AUDIT SCOPE AND METHODOLOGY

The Foundation's management has responsibility for establishing and maintaining internal control and complying with applicable laws and regulations. Internal control is a process designed to provide reasonable, but not absolute, assurance regarding the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.

We gained an understanding of the overall internal controls, both automated and manual, sufficient to plan the audit. We considered materiality and control risk in determining the nature and extent of our audit procedures. Our review encompassed controls over the following significant cycles, classes of transactions, and account balances.

Expenditures  
Revenues  
Small Purchase Charge Card

We performed audit tests to determine whether the Foundation's controls were adequate, had been placed in operation, and were being followed. Our audit also included tests of compliance with provisions of applicable laws and regulations. Our audit procedures included inquiries of appropriate personnel, inspection

of documents, records, and contracts, and observation of the Foundation's operations. We tested transactions and performed analytical procedures, including budgetary and trend analyses.

### CONCLUSIONS

We found that the Foundation properly stated, in all material respects, the amounts recorded and reported in the Commonwealth Accounting and Reporting System and in the Foundation's accounting records. The Foundation records its financial transactions on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The financial information presented in this report came directly from the Commonwealth Accounting and Reporting System and the Foundation's accounting records.

We noted no matters involving internal control and its operation that we consider necessary to be reported to management. The results of our tests of compliance with applicable laws and regulations disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

### EXIT CONFERENCE AND REPORT DISTRIBUTION

We discussed this report with management July 31, 2007.

This report is intended for the information and use of the Governor and General Assembly, management, and the citizens of the Commonwealth of Virginia and is a public record.

AUDITOR OF PUBLIC ACCOUNTS

WJK/wdh

AGENCY OFFICIALS

**Virginia War Memorial Foundation**

The Honorable William K. Barlow

The Honorable J. Brandon Bell, II

Mr. Dale D. Chapman, Adjutant

The Honorable John S. Edwards

The Honorable Frank D. Hargrove, Sr.

Mr. John Harper, Jr.

RDML John Hekman, USN (Ret.)

BG Bert Wellington Holmes, Jr., M.D.

The Honorable William R. Janis

LCDR Frances Caroline Lane, USN (Ret.)

The Honorable L. Scott Lingamfelter

RADM John L. Marocchi, USN (Ret.)

BG John W. "Jack" Nicholson, USA (Ret.)

Mr. Roger L. Overstreet

The Honorable Melanie L. Rapp

The Honorable D. Nick Rerras

COL E. Phillip Russell

Mr. S. Judson Stanley

**Ex-Officio**

The Honorable Viola Baskerville

